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## Book Notes

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# BOOK NOTES

## **BEYOND THE WASTELAND. A DEMOCRATIC ALTERNATIVE TO ECONOMIC DECLINE**

**By Samuel Bowles, David M. Gordon & Thomas E. Weisskopf**

New York: Anchor Press/Doubleday, 1983. Pp. xii, 465, notes, appendices index. \$17.95 cloth.

*I would direct a question to those who have indicated already an unwillingness to accept [our] plan: Have they an alternative which offers a greater chance of balancing the budget, reducing and eliminating inflation, stimulating the creation of jobs, and reducing the tax burden?*

Ronald Reagan<sup>1</sup>

*Beyond the Waste Land* is an answer to President Reagan's challenge to critics of his tight-fisted trickle-down economics. Although President Reagan seems to assume that the only remedy for America's stagnant economy is supply-side economics, the authors of *Beyond the Waste Land* lay out a coherent and radically different alternative.

The book begins with an impartial factual analysis of the modern American economy, focusing on the period following World War II. The authors break this period into four "phases": the "boom" period of 1948-1966; the first decline period of 1967-1973; the second decline period of 1974-1979; and the third decline period of 1980 to the present.

The authors then attempt to analyze the problems, both domestic and foreign, which characterized each phase. America prospered during the postwar "boom" period, the authors contend, due to an accord that existed between capital and labor, and between the capitalist and the citizen. During that period the United States dominated international politics and economics, particularly in the Third World; the authors term this phenomenon the "Pax Americana." In the subsequent decline periods, the capital/labor and capitalist/citizen accords fractured and America slowly lost its grip abroad from Vietnam to Iran. The early decline periods saw runaway inflation, rising unemployment, and a slowdown in productivity. The present decline period has been one of high unemployment, sharp decreases in real wages, and declining investment. At the same time, businesses are clamping down on labor, the country is remilitarizing and using its force abroad, and America is suffering international debt problems.

The authors then analyze some of the problems commonly viewed as the causes of the current crisis: OPEC, the government, workers, excess profits, and monopolies. The authors subject each of the com-

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1. President's Address Before a Joint Session of Congress, 17 WEEKLY COMP. PRES. DOC. 137 (Feb. 18, 1981).

peting theories to the test of empirical evidence. None, they conclude, provides an adequate basis for understanding the onset and persistence of economic deterioration in the United States.

After analyzing the problem and its alleged causes, the authors in the second part of the book look at popular solutions, including those of the supply-side economists being implemented by the Reagan Administration. The authors turn to the specific weaknesses of each of the three main pro-business strategies: supply-side economics, monetarism, and "corporatism." As to the Reagan Administration's track record, relying on supply-side economics, the authors demonstrate that the principal economic failures of the past few years resulted from the internal flaws of the supply-side program, and not from its incomplete application.

An alternative to supply-side economics is monetarism. Monetarism, the tight-money "hardball economics" solution, would so tighten the money supply, the authors maintain, that the cure would be worse than the disease. Monetarist theory would subject the economy to a "cold bath" period during which things would get worse before getting better. The third pro-business alternative, "corporatism," promotes a "top-down" strategy in which government involvement in the economy is seen as necessary to rationalize production and distribution in the interests of maintaining a high level of profit. The immediate priority with this theory is an increase in the rate of investment through transfers of income to large corporations.

All three of these pro-business strategies share three common principles: first, a belief in redistributing resources to the wealthy, or "profit-led growth"; second, a belief in an unadulterated private market as the arbiter of growth priorities, or "market-based allocation"; and third, a belief in restoring American influence abroad by using the military, or "arms for economic power." The authors hold that these three principles are fundamentally flawed, arguing that while pro-business strategies could *conceivably* promote economic recovery, the economic and political costs *even were they to succeed*, would be insupportable. These programs entail squandering resources, undue suffering among the lower economic classes, and repression of the work force. The authors hold that this "economics of greed" is both costly and indecent. In past economic crises, pro-business forces have dominated the process of restructuring. As a result of this restoration of corporate power after previous crises, the authors argue, economic institutions have become increasingly centralized, establishing wasteful business bureaucracies and removing economic decision-making further and further from public accountability.

The third and final section of the book presents the authors' solution, in the form of an "Economic Bill of Rights," which includes: 1) the right to economic security and equity; 2) the right to a democratic workplace; 3) the right to chart one's own economic future; and 4) the

right to a better way of life. These are the fundamental principles of "democratic economics" as the authors define it. Democratic economics is primarily concerned with the power, motivation, abilities and needs of the people who make up our economy. This philosophy holds that an economy more responsive to the public would be a less wasteful, more efficient, and more just economy. Where pro-business strategies insist on profit-led growth, democratic economics stresses "wage-led growth." Where pro-business strategies insist on market-based allocation, democratic economics counters with the principle of "needs-based allocation." For an economy to best serve its members, the authors maintain there must be substantial direct planning to identify and meet people's needs for current consumption. Where pro-business strategies insist on "arms for economic power," democratic economics pursues cooperation for economic security.

Although these principles sound very vague in the abstract, the authors set forth concrete and realistic proposals to implement their plan. For example, in order to help guarantee full employment, the authors suggest that the Federal Government establish a permanent goal of a "full-employment unemployment rate." This unemployment rate should be two percent of the labor force, since this allows for a certain percentage of people who are unemployed because they voluntarily quit their job and are searching for a better one. Under the authors' plan, whenever the unemployment rate exceeded two percent in a local area, the Federal Government would make funds available to local governments to finance guaranteed public employment for anyone who needs and is able to work.

The authors of this book are not utopians and dreamers. They articulate an alternative explanation of the current economic crises and suggest an alternative solution. Rather than putting corporate profits as the main objective of the economy, the authors believe that human needs, wants, and propensities should be the ultimate considerations. The labor force should not be scared into submission by the whip of tight money and high unemployment. Rather they should be encouraged to take a more active part in planning their economic future, and that includes activity on the business and community levels.

*Beyond the Waste Land* is both a convincing diagnosis of America's current economic malaise and a thought-provoking analysis of a proposed democratic remedy. Few books have presented the principles of democratic economics so clearly and persuasively. *Beyond the Waste Land* should be read by all public officials and citizens concerned with the nation's economy.

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## JUSTICE WITHOUT LAW? *RESOLVING DISPUTES WITHOUT LAWYERS*

By Jerold S. Auerbach

New York: Oxford University Press, 1983. Pp. xiii, 182, index. \$16.95 hardcover.

American society is preoccupied with law. The litigiousness of Americans, evidenced by crowded dockets, is an often-criticized phenomenon. Even members of the legal profession are inclined to concede that the justice system is rife with inadequacies. However the competitive, acquisitive values of modern American culture have engendered society's dependence upon entrenched legal institutions, leaving no effective dispute settlement alternative.

Jerold S. Auerbach questions the ability of American society to reclaim a sense of community in resolving disputes without lawyers. In *Justice Without Law* Auerbach examines the evolution of the centrality of law in the United States through an historical, and sometimes anthropological, approach to alternatives to litigation. Through this historical study of indigenous community dispute settlement (internal dispute resolution and informal alternatives), conciliation, and commercial arbitration, Auerbach concludes that although justice may be somewhat compromised by legal formalism, "injustice without law is an even worse possibility, which misguided enthusiasm for alternative dispute settlement now seems likely to encourage" (p. 146).

The communal values of trust, harmony and reciprocity prevalent in earlier religious, ethnic, utopian, and commercial contexts of American society have dissipated in favor of individualistic, aggressive priorities, according to Auerbach. He contends that the failure to preserve the communal vision, the common good, and the mutual need, has precipitated the growth of formal legal institutions as the sole forum for conflict resolution. No longer are informal meetings, rabbinical boards, or business associations sufficient for dispensing justice. As the concept of justice has changed to correlate with new values, the legal machinery has burgeoned into a fantastic combination of incongruous components. This, claims Auerbach, presents society with a multitude of problems regarding the accessibility of justice.

Auerbach integrates theories of justice previously developed in his earlier work, *Unequal Justice*. Recognizing that legal institutions have failed to provide justice to all who seek it, Auerbach asserts that "the ideal of equal justice is incompatible with the social realities of unequal wealth, power, and opportunity, which no amount of legal formalism can disguise" (p.143). These social realities restrict access to legal forums, the only means by which compromise justice is attainable. However, a shift in focus has evolved. Just results are not the primary concern; rather, the process or legal machinery now generates most of

the attention. Although Auerbach is uncomfortable with this concentration on legal process at the expense of justice, he appears to conclude reluctantly that the legal system is a "necessary evil."

Throughout *Justice Without Law* Auerbach extols the virtues of informal or nonlegal dispute settlement alternatives. He adroitly entices the reader to anticipate "a new theory" or an innovative nonlegal alternative for dispute resolution in modern American society. But Auerbach offers no panacea. He merely explains that which once was, no longer is, and should not be expected to recur. Auerbach provides no answers; he just highlights the problem. But possibly there are not any answers, or they are to be found elsewhere. At the very least, *Justice Without Law* provides a thoughtful retrospect and a new perspective from which to develop, implement, and evaluate new alternatives to dispute settlement.

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